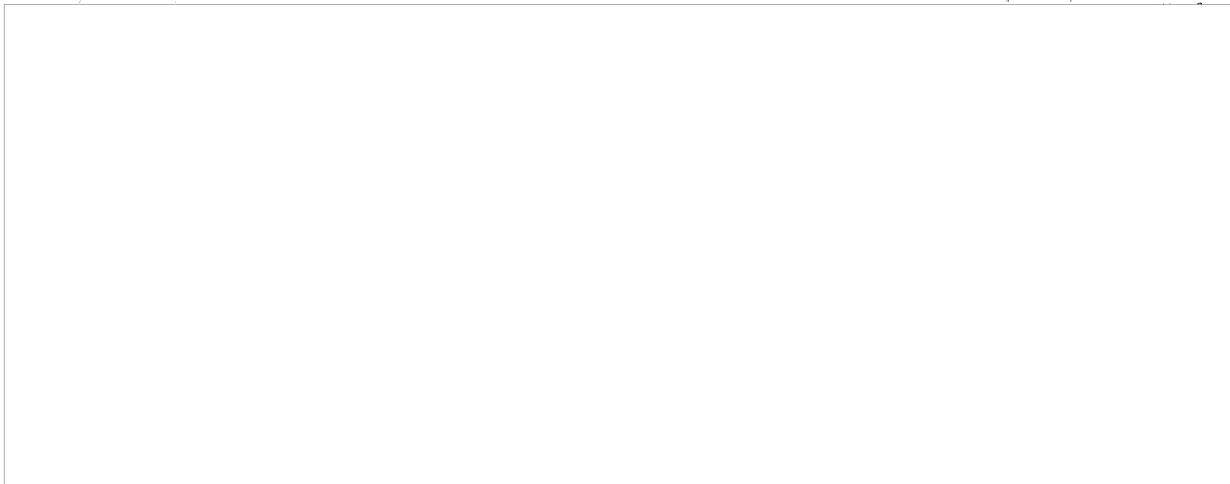


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Title : INFORMATION ON THE SATELLITES; Trade Agreement 1949-50

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Authorized Agent of the
Minister of Industry and Commerce
in Berlin

Berlin
31 March 1949

To: The Minister of Foreign Trade
Citizen T. Gede, engr
Warsaw, Daszynskiego 10

I am taking the liberty of reporting to you that, on 29 Mar 1949 in accordance with instructions, I signed the trade agreement between the Polish Republic and the Soviet Zone of Occupied Germany for the period from 1 March 1949 to 28 February 1950. The agreement calls for trade in both directions totalling \$152,000,000.

On the same day, in accordance with Article 14 of the agreement, the agreement was confirmed by the exchange of documents signed by me for the Polish Republic in accordance with authority vested in me and by Citizen Vasilev, authorized agent for the Soviet Military Administration of Germany. A detailed report of the negotiations and the text of the agreement with enclosures will be transmitted in the near future.

Article 11 of the agreement calls for an official document covering investments with detailed specifications for machinery and industrial equipment, which is to be signed by 7 April 1949. This document will be an integral part of the agreement, which insures the completion of deliveries specified therein.

On the occasion of the signing of the agreement, H. Rau, Chairman of the German Economic Commission, gave a reception. The following representatives of Poland attended: General J. Frawin, Chief of the Polish Military Mission in Berlin; Colonel Meller, Counsellor for the mission; members of the Polish Commercial Delegation; and higher officials of the Commercial Agency. The following representatives of the Soviet Military Administration in Germany attended: Citizen Kurmashov, Assistant to Marshal Sokolovskiy in charge of Economic Affairs; Citizen Vasilev, Chief of the Foreign Trade Administration; his assistants, Citizen Chernyak and Citizen Liebensohn, and higher officials of the Foreign Trade Administration. (In margin, Assistant Selburian, illegible) The follow-

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ing German representatives attended: members of the Secretariat and higher officials of the German Economic Commission.

I am taking the liberty of enclosing of the German press release covering the signing of the agreement, an article by Chairman Handtke, member of the Secretariat of the German Economic Commission, and an editorial from Tagliche Rundschau.

S. Broniewics

3 enclosures

CC Minister H. Mine

Minister E Sayr

Vice minister Kutin

Citizen Dodiuk, Director of Treaty Division

M. Wierna, Director, Department IV, Ministry of Foreign Affairs

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1. Printing machinery	\$3,065,000
2. AEG switches	855,000
3. Machinery for the canning industry	349,000
4. Machine tools	938,000
5. Machinery for the sugar industry	196,000
6. Machinery and equipment for the textile industry	160,000
7. Farm machinery	431,000
8. Office machines (typewriters and comptometers)	1,350,000

In addition to the above, contracts have been worked out for industrial machinery and installations amounting to about \$10,000,000. These contracts will be signed in the near future.

The placing of substantial investment orders by Poland in the markets of the Soviet Zone is of prime importance to future economic relations between the Soviet Zone and Poland. In view of the fact that the Soviet Zone is entering upon its Two-Year Plan, Poland by means of its orders will influence to a certain extent the future industrial and economic development of the Soviet Zone to fit in with the economic requirements of Poland. To set the export industry of the Soviet Zone at the outset on the road which leads to the filling of Polish requirements for investment goods in exchange for ^{Polish exports} imports to the Soviet Zone, and to initiate expansion of those capital goods industries in which Poland is interested from the standpoint of imports, is a major long-range problem. The placing of these orders will permanently draw the economy of the Soviet Zone into the orbit serving the interests of the Polish Six-Year Plan.

- 3 -
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Within the period covered by this report, in addition to investment contracts already mentioned, the following contracts have been agreed upon, amounting to about \$3,200,000.

<u>Date</u>	<u>Quantity</u>	<u>Commodity</u>	<u>Value</u>
3 Feb 49	500 t	newsprint	\$ 67,500
9 Feb 49	1,000 t	newsprint	135,000
9 Feb 49	500 t	newsprint	67,500
12 Feb 49	1,000 t	magnesium chloride	41,000
15 Feb 49		Silit rheostats	13,918.15
9 Feb 49	3,000 t	fluorite	75,000
21 Feb 49	12 t	palatinol	10,200
21 Feb 49	150 t	"BGS" acetone	45,000
21 Feb 49	8 t	Paris blue	6,400
15 Feb 49		high-voltage reversing switches	854,913.80
14 Feb 49		machinery for the canning industry	348,509.80
25 Feb 49	200 t	aniline oil	74,000
	5,000 m	beech logs	650,000
	1,500 t	methanol	228,000
	50,000 t	briquettes	500,000

[The following paragraph was deleted]

Commercial negotiations

Commercial negotiations with the Soviet Zone aim to establish agreements during 1949 emphasizing Polish import contracts for investment goods. Parts of the agreement related to Polish orders for investment goods require tedious and long drawn-out technical preparatory work. Unplanned and uncoordinated trips of various experts and a shortage of experts for various industries is prolonging the negotiations now in progress and is holding up the agreement. [End of deletion].

Personnel matters

In view of the new agreement calling for trade amounting to \$157,000,000 plus reparations, the personnel problem becomes even more acute. The following matters are especially urgent:

-4-
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1. Appointments in the machine division
2. replacement of subordinate personnel recruited from among local Poles with personnel from Poland

Because of the necessity of preparing important investment orders amounting to about \$20,000,000 the machine division requires that a number of employees with technical qualifications be sent immediately from Poland. Each day's delay is holding up the placement of orders and results in substantial losses.

The replacement of subordinate personnel drawn from among local Poles is required for reasons of security.

All activity of the Agency is confidential, not only from its commercial aspect but also from the political standpoint; therefore, every effort must be made to prevent information of our commercial activities from leaking out.

Furthermore, I wish to emphasize that in view of the expected 1949 trade to exceed \$150,000,000, or 60 billion slotys, (about 1,000 carloads daily), which is to be effected by the Agency, it is most urgent that the Agency's personnel be built up to the minimum requirements planned in the budget, with the most careful selection as to quality.

Courier Service

To expedite communications between the Commercial Agency of the Polish Republic in Berlin and the central administrations in Warsaw, it is necessary to appoint a diplomatic courier attached to the Agency for regular communication three times weekly between Berlin and Warsaw. With the unheard-of convenience of present railroad connections between Berlin and Warsaw, purely formal arguments against employing a courier to speed up mail are unreasonable.

- 5 -

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